

PREVAILED

Roll Call No. \_\_\_\_\_

FAILED

Ayes \_\_\_\_\_

WITHDRAWN

Noes \_\_\_\_\_

RULED OUT OF ORDER

## HOUSE MOTION \_\_\_\_\_

MR. SPEAKER:

I move that House Bill 1118 be amended to read as follows:

- 1 Page 4, between lines 12 and 13, begin a new line block indented
- 2 and insert:
- 3 **"(22) Subtract an amount equal to the deduction allowed**
- 4 **under IC 6-3-2-21."**
- 5 Page 7, between lines 36 and 37, begin a new paragraph and insert:
- 6 "SECTION 3. IC 6-3-2-21 IS ADDED TO THE INDIANA CODE
- 7 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
- 8 JANUARY 1, 2005 (RETROACTIVE)]: **Sec. 21. (a) As used in this**
- 9 **section, "student loan" refers to a qualified education loan (as**
- 10 **defined in Section 221 of the Internal Revenue Code).**
- 11 **(b) Subject to subsection (d), in each taxable year, an individual**
- 12 **who is obligated to repay a student loan may deduct in computing**
- 13 **the individual's adjusted gross income the amount determined**
- 14 **under STEP TWELVE of the following formula:**
- 15 **STEP ONE: Determine the total amount of payments paid by**
- 16 **the individual with respect to the individual's student loans**
- 17 **during the taxable year.**
- 18 **STEP TWO: Determine the part of the STEP ONE result that**
- 19 **is attributable to interest and other financing charges.**
- 20 **STEP THREE: Subtract the STEP TWO result from the**
- 21 **STEP ONE result to determine the part of the STEP ONE**
- 22 **result attributable to principal.**
- 23 **STEP FOUR: Determine the part of the STEP TWO result**
- 24 **deducted by the individual in computing the individual's**
- 25 **federal adjusted gross income under Section 62 of the Internal**

1           **Revenue Code.**  
2           **STEP FIVE: Subtract the STEP FOUR result from the STEP**  
3           **TWO result.**  
4           **STEP SIX: Determine the initial outstanding principal**  
5           **balance on the student loan as of the expiration of the most**  
6           **recent grace period following the final date of attendance at**  
7           **the most recently attended institution of higher education. In**  
8           **the case of a husband and wife filing a joint return, determine**  
9           **this amount independently for each individual, and add the**  
10           **two (2) amounts.**  
11           **STEP SEVEN: Determine the part of the STEP SIX amount**  
12           **deducted by the individual in computing the individual's**  
13           **federal adjusted gross income under Section 62 of the Internal**  
14           **Revenue Code in the current and any prior taxable years.**  
15           **STEP EIGHT: Divide the STEP SEVEN result by the STEP**  
16           **SIX result, rounding to the nearest one thousandth (0.001).**  
17           **STEP NINE: Subtract the STEP EIGHT result from one (1).**  
18           **STEP TEN: Multiply the STEP THREE result by the STEP**  
19           **NINE result.**  
20           **STEP ELEVEN: Add the STEP FIVE result and the STEP**  
21           **TEN result.**  
22           **STEP TWELVE: Determine the lesser of the following:**  
23                   **(A) The STEP ELEVEN result.**  
24                   **(B) Three thousand dollars (\$3,000).**  
25                   **(c) A husband and wife filing a joint adjusted gross income tax**  
26                   **return for a particular taxable year may not claim a deduction**  
27                   **under this section of more than three thousand dollars (\$3,000) in**  
28                   **any taxable year.**  
29                   **(d) An individual may not claim the deduction provided by this**  
30                   **section for more than ten (10) taxable years during the individual's**  
31                   **lifetime. For purposes of applying this subsection to an individual**  
32                   **who files a joint return with the individual's spouse, the question of**  
33                   **whether a joint return counts toward each spouse's lifetime**  
34                   **allotment is determined independently for each spouse with**  
35                   **reference to the underlying student loan. A joint return on which**  
36                   **the deduction provided by this section is claimed counts towards a**  
37                   **spouse's lifetime allotment only to the extent that the spouse is**  
38                   **obligated to repay some part of the underlying student loan**  
39                   **payments that are being deducted."**

40           Page 7, between lines 39 and 40, begin a new paragraph and insert:

41           "SECTION 5. [EFFECTIVE JANUARY 1, 2005  
42           (RETROACTIVE)] IC 6-3-2-21, as added by this act, applies only  
43           to taxable years beginning after December 31, 2004."

- 1      Renumber all SECTIONS consecutively.  
         (Reference is to HB 1118 as printed January 14, 2005.)

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Representative Van Haften